

GRANT COUNTY, WASHINGTON
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Grant County Public Works Should Improve Procedures Over Grant Projects

We identified weaknesses in procedures during our review of the Highway Planning and Construction Grant (CFDA 20.205). Although referenced in our 1992, 1991, and 1990 audits of the county, the following issues pertaining to the Highway Planning and Construction Grant remain unresolved:

- a. Payroll expenses are charged based on individual hours worked for the month. We determined a composite hourly rate based on salary, employer paid benefits, and actual hours worked during the year.

We reviewed \$16,395.80 in grant charges for payroll. The results of comparing the charges to the calculated composite rate are:

<u>CRP Number</u>	<u>Federal Aid Number</u>	<u>Amount Charged</u>	<u>Amount Per Audit</u>	<u>Over (Under) Charged</u>	<u>Percent (Under) Over</u>
90-1	RS-T137 (005)	\$ 78.60	\$ 73.33	\$ 5.27	7%
90-12	BROS-2013(009)	1,636.19	1,864.42	(228.23)	(14%)
90-16	STPR-K136(001)	1,018.12	959.60	58.56	6%
91-6	BROS-2013(044)	1,447.41	1,568.27	(120.86)	(8%)
91-14	RRP-2013(023)	433.56	432.75	.81	0%
92-6	BROS-2013(045)	746.67	700.44	46.23	6%
92-7	STFR-6130(008)	2,836.88	2,318.33	518.55	18%
92-23	STPF-6055(004)	329.81	335.38	(5.57)	(2%)
93-5	BRS-G131(002)	102.54	119.36	(16.82)	(16%)
93-6	BRS-G131(001)	610.04	458.31	151.73	25%
93-7	BRS-E133(003)	1,343.22	1,201.00	142.22	11%
93-8	BROS-2013(043)	64.31	78.05	(13.74)	(21%)
93-9	BRS-T137(006)	684.35	720.18	(35.83)	(5%)
93-10	HES-2013(041)	755.30	715.21	40.10	5%
93-12	BRS-G132(002)	589.68	695.80	(106.12)	(18%)
93-23	STPF-6074(001)	101.68	111.55	(9.87)	(10%)
93-24	STPR-E131(003)	3,496.18	3,153.71	342.47	10%
	STFF-2013(042)	<u>121.22</u>	<u>136.03</u>	<u>(14.81)</u>	<u>(12%)</u>
Total		<u>\$16,395.80</u>	<u>\$15,641.70</u>	<u>\$ 754.10</u>	<u>5%</u>

By using the calculated composite rate for each employee, we determined that salaries were overcharged 4.59 percent (\$754.10) in the payroll reviewed.

This method allows for substantial inconsistencies on individuals and specific grants and also provides opportunity for manipulation of the project costs by the department.

The salary and benefit charges of \$210,813 represent a material portion of the Public Works grant charges and the 4.59 percent overcharge projects to an overstatement of \$9,676 on the county's federal grant program.

The compliance requirement related to salaries allows the costs incurred for salaries and wages in the ratio of time spent on the federally funded work to the unit's working hours as a whole.

- b. The cost allocation of the county's equipment is based on depreciation as well as a replacement reserve allocation. The equipment rental charge is calculated based on hourly operating costs plus the hourly share of the monthly depreciation plus replacement reserve rate. The rental rate per hour fluctuates with the total monthly usage.

Depreciation can be charged to the federal program, replacement costs cannot.

This method not only allows substantial inconsistencies in rates charged between the same equipment, it provides an opportunity for the department to recover more money by using a piece of equipment with little use during the month versus a high use piece.

The equipment rental charges do not represent a material portion of the Public Works grant charges.

We recommend that claims for employee and equipment rental costs be based on consistent rates.